Clean fuel rules latest round in policy fight; Federal officials try to ease concerns new regulations will lead to higher costs for Canadians

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Body

Conservative Leader Pierre Poilievre derides it as Justin Trudeau's "Carbon Tax 2," and now federal officials are trying to tamp down concerns the government's new clean fuel regulations will make life more expensive for struggling Canadians.

It's the latest example of the pitched political battle over climate action and affordability, as the new regulations to slash planet-warming pollution are also expected to increase the cost of gasoline.

In a briefing to journalists on Wednesday, senior bureaucrats stressed repeatedly that the costs to comply with the new regulations - which kick in this weekend- are expected to be "low" in the next few years. But while the rules could ultimately hike the cost of gas by six to 13 cents per litre over the next seven years, the officials said it's not clear what will happen.

That's because the regulations apply to refineries and other producers and importers of fuel, and it's up to them to determine how to comply and how much of any additional costs will get passed along to consumers.

"Any price impact that may be passed through and that maybe are being anticipated ... really will depend on how the regulated parties, the refineries, choose to comply," said one of the officials, all of whom spoke on condition of anonymity, as is routine for federal policy briefings.

The incoming Clean Fuel Regulations has been a long promised and delayed climate policy for Prime Minister Justin Trudeau's Liberal government. The initiative creates rules to ensure the "emissions intensity" of fuel in Canada is on a downward track, so that the planet-warming greenhouse gas pollution it creates when it's burned also goes down.

The regulations will create a market for credits, where companies that comply with the regulations will receive credits they can then sell to companies that fall short. And because credits can be generated more easily in the early years of the program, there will be a glut of them available for low costs that officials predicted would keep compliance costs low.

The government also projects the policy, as it becomes more stringent, will slash Canada's national greenhouse gas emissions by about 27 million tons per year by 2030. That's about four per cent of the country's total emissions in 2021, according to the latest official tally.

The Conservatives, however, have lampooned the policy for years, arguing it is akin to a new "tax" that will unfairly increase the cost of fuel. They also seized upon a report from the Parliamentary Budget Officer, which predicted the clean fuel regulation could hike gas prices by up to 17 cents per litre by 2030 - a conclusion the government argues overlooks the increased costs from the impacts of climate change.

"Canadians cannot afford to pay any more," Poilievre said this week, speaking at a gas station in New Brunswick, one of four provinces in the Atlantic where the federally designed carbon price on fuel will also replace provincial pricing systems this week. Under the Trudeau government, Canada has pledged to slash emissions to at least 40 per cent below 2005 levels by 2030 through a host of policies that include initiatives like the carbon price and fuel regulations.

Scientists with the Intergovernmental Panel on Climate Change have called for "unprecedented" transformations across all sectors of society as time is running out to drastically reduce emissions and avoid the worst consequences of climate change. These include rising oceans causing human displacement, more extreme and damaging weather events, disappearing glaciers and Arctic ice and mass species extinctions.

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